



STATE OF WASHINGTON

DEPARTMENT OF SOCIAL AND HEALTH SERVICES
P.O. Box 45010, Olympia, Washington 98504-5010

March 14, 2005

TO: Contracted Community Partners

FROM: Dennis Braddock
Secretary

A handwritten signature in black ink, appearing to read "Dennis Braddock", written over the printed name and title.

SUBJECT: DSHS BUDGET SHORTFALL AND REDUCTION STRATEGIES

DSHS is experiencing a significant budget problem this year. Many of you are already aware that the Children's Administration (CA) must reduce its current rate of expenditure or it will overspend its' authority for the current fiscal year. Our current estimate is that the deficit without corrective action could reach \$12 Million General Fund – state. Given spending pressure in other programs, DSHS can not be counted on to cover CA's over-expenditures at the end of the fiscal year. Similar expenditure reductions are being implemented in other programs as well to ensure that each program and the agency as a whole ends the fiscal year in balance. With three and a half months left in the fiscal year, balancing the budget presents a very significant challenge and requires the combined efforts of all staff and contracted community partners.

The regions and the headquarters divisions are on tight spending plans and are making reductions, including "Reductions In Force" (RIFs) and offering staff the opportunity to temporarily reduce their work hours. We are doing everything possible to bring spending down with minimal impact on services to children and families.

A strong partnership with contracted community providers is necessary and vital to the public child welfare system. Because we are so closely connected, unavoidably when we hurt, you also are affected. Our regional administrators have been in touch with you over the past few months communicating the need to be fiscally conservative. With only a few months left in the fiscal year, we are running out of time for extended consultations. We need to make decisions and take action quickly. Many of you have already begun to experience the effects of cost cutting. Unfortunately, this may get worse before it gets better. We are in the process of developing strategies that will quickly address the budget problem and you will hear soon from your regional administrators. If you have ideas you can share that may be helpful, I encourage you to do so expeditiously. In addition, I hope you will partner with the Children's Administration in the coming months to reduce our current rate of spending in a sensible and effective manner.

Thank you for your continued dedication to improving services for children and families.

c: Uma Ahluwalia